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**Title:**

Rydges July 1973 - South Australia - model socialist state for business and Don Dunstan  
- on quality of life

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FILM

# South Australia socialist state business



Don Dunstan performing one of his favourite tasks: opening a new factory for South Australia.

Lacking the mineral and fuel resources of Western Australia or Queensland, South Australia nevertheless is attractive, for it aims to keep labour costs down and quality of life up.

**S**OUTH Australia can be loosely compared with Singapore. Both are short of natural resources, both have socialist governments which, however, have gone all out for business development to compensate for lack of natural wealth. In doing so, both these socialist administrations have come to terms with commercial reality.

Both have made a lot of a little through good government.

Lee Kuan Yew's achievement in Singapore has been called miraculous. He is autocratic but brilliant.

Don Dunstan, also an intellectual and clearly the most able of Australia's State Premiers, might disdain comparison with Lee, at least as a democrat and socialist. But his problems have something in common with those which Lee faced and overcame magnificently.

During his long term as Premier, Sir Thomas Playford of the Liberal Party built-up South Australia from a sleepy hollow to a significant industrial centre. A great salesman for his State, Tom Playford attracted industry there with considerable incentives for new business.

This legacy is not without its problems. South Australia's industry is heavily concentrated in the consumer goods sector, especially cars and white goods; the State rides the roller coaster of consumer demand and cannot get off, certainly not in the short-term.

What the State can offer besides such Government inducements as cheap land and generous building assistance, is, a

skilled work force and a wage structure significantly lower than those of Sydney and Melbourne.

Don Dunstan knows that this last-mentioned is a major inducement for industry, which after all can get Government-donated land elsewhere in Australia. He needs more industry for South Australia and more diversification. He sees the need for a population ceiling but this is many years away. Meantime, the State must grow but be shaped into a less vulnerable economic body.

To keep wage costs down and maintain the State's attraction to industry he must keep living and housing costs down.

This is part of the rationale behind his well-publicised campaign against rising land prices and doctors' fees. It is not simply socialist concern for the man in the street. It is the realisation that to keep Adelaide attractive for workers, despite the lower wage structure, and to keep wage demands in check from his Trades Hall colleagues, housing and general living costs must be lower than they are elsewhere where wages are higher.

Unlike Lee, Dunstan holds sway over only State matters in his State. It might be supposed that the Labor men in Canberra would want to see South Australia flourish as a model socialist state, but this could be an oversimplification. It will be interesting to see how much influence and persuasion Dunstan can exert on Dr. Cairns and others in Canberra on the question of tariff protection for Australian cars and appliances, so vital to South Australia,

RYDGE'S, JULY, 1973

# Public-model Theater

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when Federal Labor is committed to tariff reform.

Nevertheless, if you back the man, Don Dunstan is an excellent bet. An intellectual, with considerable think-tank back-up; a leader, apparently commanding great cabinet and party support; a strongly entrenched politician, faced by an opposition that has torn itself to pieces and has a long-term job of mending to do.

Intruding some personal observations, this writer recalls that the previous time he interviewed Don Dunstan was in 1968 when his Party lost office and the Liberals, under Mr. Steel Hall, took over, if briefly.

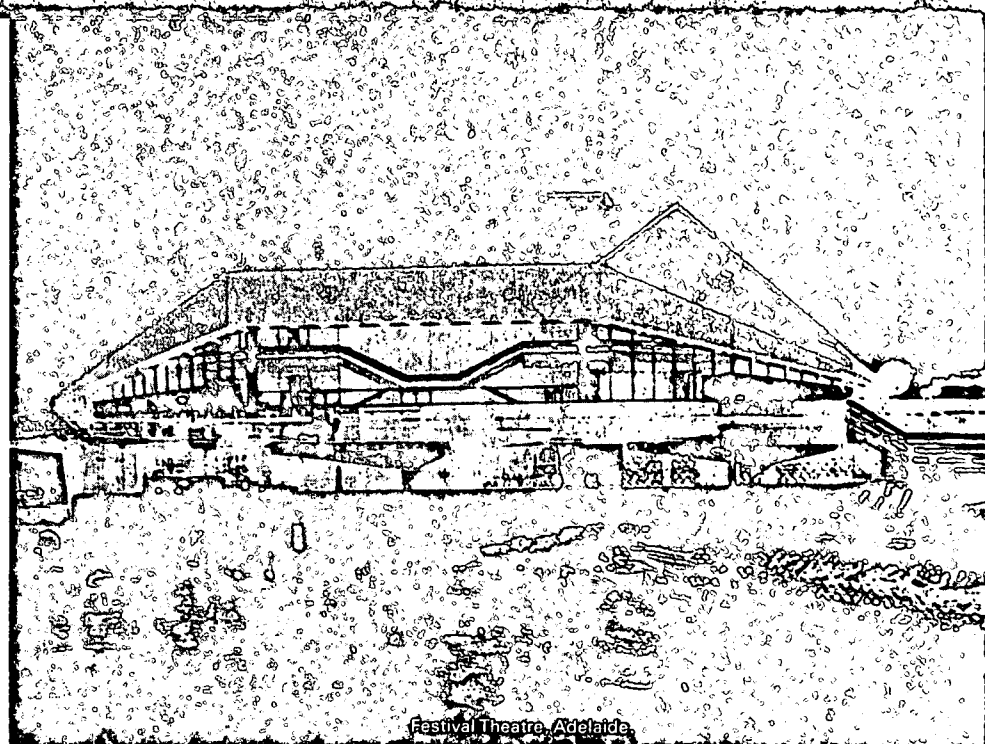
In the latest interview Don Dunstan was not only in better spirits. He is justifiably showing great self-confidence.

He has become his own man, confident enough to shed some of the restraints that politicians would normally feel – in dress, for example. In his office, we found him wearing a dark green jacket, blue patterned shirt, maroon tie, and huge blue enamelled cufflinks.

Dandies as they were once called, are not unknown in politics, however, and anyone who doubted his toughness would be foolish.

He is, as we have observed, a socialist. But whereas businessmen genetically distrust socialists, there is comfort in knowing that Dunstan needs them. What put him and his party out of office in 1968 was basically unemployment caused by the fickleness of consumer demand. He wants business expansion and business diversification for South Australia.

RYDGE'S, JULY, 1973



If he does make South Australia a model socialist state with low housing and living costs, a stable and contented labour force is likely.

And, increasingly, this is what Australian business yearns for.

South Australia is a State where things tend to get done and, at that, done well. For example, Adelaide's Festival Theatre is a new adornment with a magnificently functional main auditorium that, the locals gleefully relate, is bigger and better than the Sydney Opera House and was built on time and for a relatively tiny cost.

These chauvinists neglect the fact that the Bennelong Point site demanded an externally beautiful and unusual building, but it is true that the Festival Theatre is a splendid achievement which perhaps typifies what this efficient State can do.

**Industry profile.** Looming large in South Australia's industrial profile are the massive automotive plants of General Motors and Chrysler, and the household appliance works of Kelvinator, Simpson Pope, Wilkins Service, and Lightburn.

There are other big employers, such as B.H.P.'s Whyalla complex, but the emphasis on sheet metal fabrication, including cars and appliances, is illustrated by the following analysis of employment, taken from a total sample of 78 820 employees.

	Empl. 'es
Food, including dairy products and animal foods	6,858
Beverages	2,961
Basic metal products	10,120

Fabricated structural metal products	1,731
Sheet metal and other fabricated metal products	2,153
Transport equipment	23,488

It can be seen that transport equipment – that is, cars – account for a substantial proportion of the total and that this and the other metal fabrication activities dominate the employment picture.

These industries, especially the car manufacturers, were attracted by cheap capital costs and by the ready supply of labour. Industrial unrest has traditionally been low in South Australia, too, as these figures shows:

Working Days Lost in Industrial Disputes (000's)			
	South Australia	Australia	S.A. as % of Aust.
1965-66	23.2	794.2	2.9
1966-67	14.4	614.3	2.3
1967-68	45.2	1042.6	4.3
1968-69	117.2	1780.1	6.6
1969-70	81.7	1804.3	4.5
1970-71	71.3	2574.5	2.8

For comparison with these figures, South Australia's labour force had been practically at 9.1 per cent of the total Australian workforce.

Updating these figures, one Government official estimated that South Australia currently had about 10 per cent of the Australian workforce but accounted for only some 2.5 per cent of days lost through industrial disputes.

Wage levels have also been lower – not so much in award rate terms, of course, but in the extent of over-award payments.

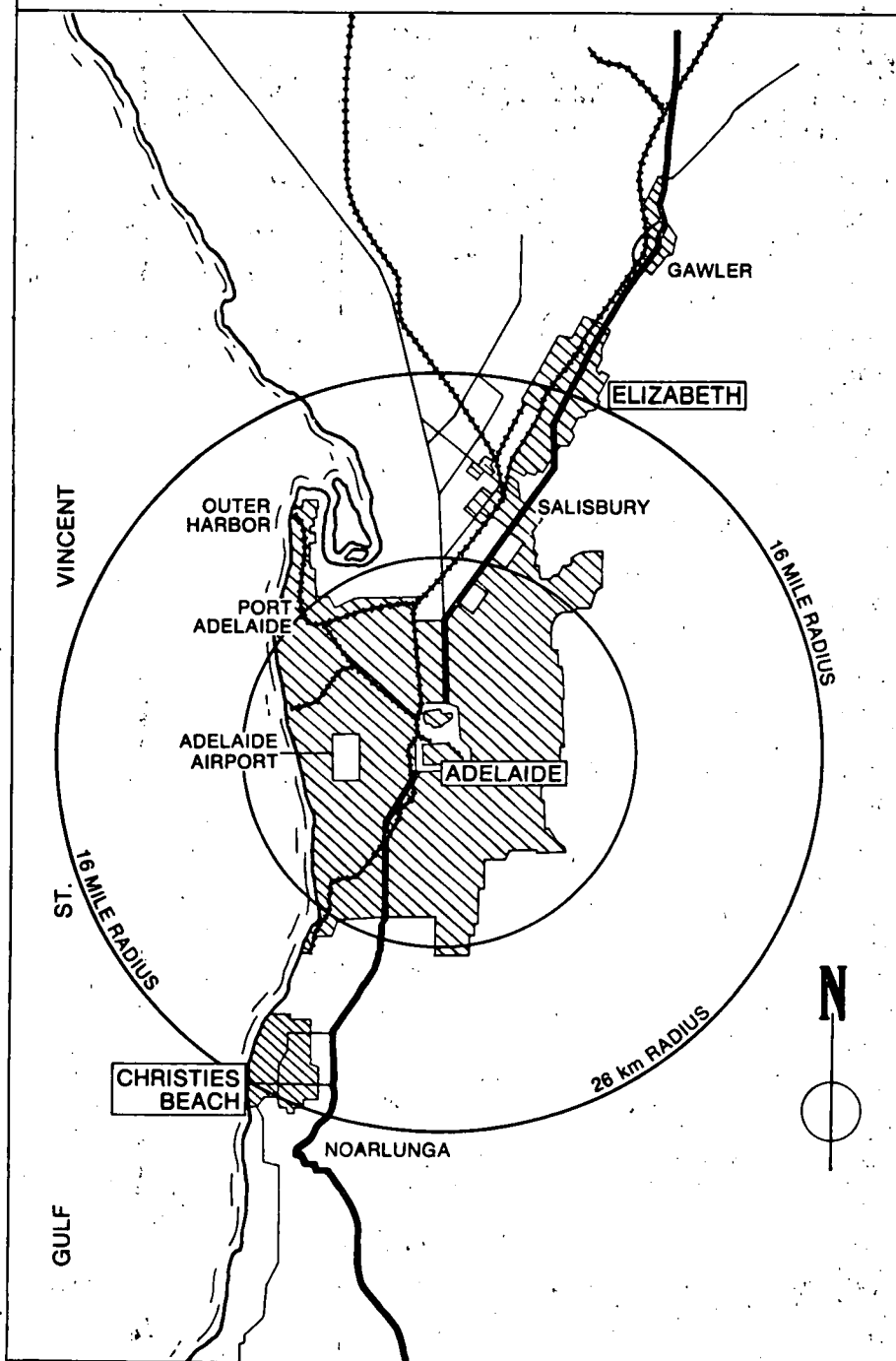
Year to June 30	Average Weekly Earnings per Employed Male Unit (\$)						
	N.S.W. (inc. A.C.T.)	VIC.	QLD.	S.A. (inc. N.T.)	W.A.	TAS.	AUST.
1967	63.50	63.90	57.10	57.60	59.20	58.40	61.70
1971	87.90	86.20	77.80	78.40	84.60	78.70	84.70

The figures as shown in table above illustrate this.

Today, it appears that the average male wage in Adelaide would be about 8 per cent lower than in Sydney or Melbourne. This is a rather rough calculation, however and the figure would vary from job to job.

As we see later, there is emphasis on the quality of life in South Australia. Don Dunstan lays great stress on this. Because he is by no means an old-fashioned socialist, he doubtless sees quality of life as not only an end in itself, but a means of keeping the workforce happy and stable and at least maintaining South Australia's

#### ELIZABETH & CHRISTIES BEACH DEVELOPMENT OF THE SOUTH AUSTRALIAN HOUSING TRUST.



standing as a good place in which not only to live, but invest.

The following significant industrial developments were announced between January and May, 1973:

- 16/1/73 Raymond Aluminium announce proposed factory at Salisbury to manufacture aluminium light poles. Capital investment \$750,000.
- 23/1/73 Chrysler announce plan to increase workforce by 700 by September, 1973.
- 7/2/73 Mobil to build \$40 m. export oil refinery near Adelaide - 3,000 barrels a day capacity, to be finished in 1973.
- 21/2/73 25,000 sq. ft. expansion of Johnson Leather Co. tannery at Mt. Barker planned. Total of 350 people will be employed.
- 6/3/73 Completion of \$1½ m. expansion programme at Panelboard Ltd. announced. Total employment of company now 300.
- April A.N.I. Premier opened 1973 new press forge plant at Dry Creek. \$2.7 m. investment to eventually employ 300 workers.
- April Multi million dollar wool processing plant of G. H. Michell & Son at Salisbury opened by Premier. Will provide employment for 450 people.
- 3/5/73 \$5.5 m. expansion plan announced by Coca-Cola Bottlers (Adel.) Pty. Ltd. - will provide 100 new jobs.
- 25/5/73 Premier opened new Cameo glass production line of Seraphic (Aust.) Pty. Ltd.

Obviously, industrial developments vary greatly in desirability. One of the most significant of the last few years was announced early last year. Jeans maker Levi Strauss would build a \$1.5 million clothing factory at Elizabeth West to employ 500 people, mainly females. Elizabeth, a decentralisation housing project (see later), has a considerable pool of unemployed female labour. Indeed, South Australia in general, has a high masculinity ratio in its workforce and thus a large female worker pool.

Though the South Australian Government has a more or less open arms attitude, the Industrial Development Division of the Premier's Department suggests these industries as being especially desirable:

- Motor accessories
- Rubber goods
- Plastics moulding and products
- Knitwear

(Cont. page 22)

- Swimwear
- Optical instruments and appliances
- Professional and industrial electrical apparatus
- Drugs and tablet preparations
- Scientific surgical and medical instruments

**Petrochemicals.** A major, by national standards, project on the drawing boards is an industrial complex planned for Red Cliff Point, about 17 miles south of Port Augusta. Drawing on ethane from the Cooper Basin natural gas fields, and salt from local brine deposits, the centre of the \$300 million plan would be a petrochemicals and caustic soda complex.

Caustic soda would be sold to the Australian aluminium industry which currently consumes 300,000 tons per annum, of which only 30,000 tons is produced in Australia.

The process will also produce chlorine for combination with natural gas elements to produce ethylene dichloride, which is the raw material for vinyl chloride and thence P.V.C. plastics.

#### **Dow Chemicals**

It is said that the motivation for selling Cooper Basin gas to New South Wales was to provide production scale economics to facilitate a major petrochemicals industry.

Details and confirmation of the project are awaited.

If the project does proceed, it could prove a catalyst for other industrial development on the Northern Spencer Gulf.

For Don Dunstan, it would be a notable coup and an impressive use of one of South Australia's few significant natural resources. Other developments based on Cooper Basin gas could follow because of the improved scale economics of the field.

The name most mentioned in connection with the petrochemicals project is Dow Chemicals of Michigan.

**Investment incentives.** Broadly, the South Australian Government's possible assistance to new industrial projects comes under these headings:

1. **Guarantee** - After investigation the Government may guarantee loans to firms from recognised financial institutions.
2. **Provision of factories** - The South Australian Housing Trust can build factories for industrialists to their own design, for either sale or leasing on very favourable terms.
3. **Low cost housing** - The South Australian Housing Trust and private builders provide low cost housing for employees of companies setting up in the State.
4. **Industries Assistance Corporation** - The corporation may provide assistance to small industries experiencing difficulty in obtaining fi-

nance from the normal commercial sources.

5. **Water, sewerage, electricity and gas** - These are all available at competitive prices with other States (low electricity tariffs are available to large industrial users).

Cheap land is a major attraction. At both Elizabeth and Christies Beach (15 miles north and south of Adelaide respectively and connected by dual carriageway trunk roads and railway with Adelaide) fully serviced industrial land is available to \$5,000 per acre.

Also of immense interest is a plan by which the South Australian Housing Trust will build the factory for a company and finance it on a basis that is virtually a 15-year lease-purchase scheme at 11 per cent per annum including repayment of principal.

#### **Example**

Notional capital cost of say \$100,000  
Terms of lease - 15 years  
Rent \$11,000 per annum (i.e. 11 per cent of capital cost)

Table of prices showing reducing annual balance in Memorandum of Option to Purchase would be:

Option to Purchase Expiring in:	Purchase Price:
1st year	100,000
2nd year	96,000
3rd year	91,720
4th year	87,140
5th year	82,240
6th year	76,997
7th year	71,387
8th year	65,384
9th year	58,961
10th year	52,088
11th year	44,734
12th year	36,866
13th year	28,446
14th year	19,437
15th year	9,798

**Decentralisation.** Two of South Australia's residential and industrial development and decentralisation projects, Elizabeth and Christies Beach, have already been mentioned.

However, Don Dunstan's decentralisation policies are far more sweeping than these outlying suburban projects. He envisages three regional growth centres: the northern cities of Port Pirie, Port Augusta and Whyalla; the South-East area containing Mount Gambier, Millicent, Naracoorte and Penola; and the planned new city of Monarto.

This last-mentioned is a source of controversy in Adelaide, doubts centering around whether the hot, dry climate at the proposed Monarto site will attract the necessary population. "Dunstan will have to put public servants in there," one property man told us; perhaps it is significant that Monarto is described as the first new major city to be built in Australia since Canberra.

The site is about 62 square miles within 30 kilometres of the town of Murray Bridge. No precise site has been announced.

Monarto's role is to siphon off excess population growth that would otherwise enter the Adelaide metropolitan area. A population base of 100,000 is envisaged, rising to perhaps 200,000 by the turn of the century.

One rumour in Adelaide is that the Federal Government is not sympathetic to the project. Its Albury-Wodonga regional growth centre also lies on the Murray River.

Assuming that Monarto does proceed as planned, it will require considerable new industry to provide employment. Special incentives to industry are likely to be offered.

It is suggested that land titles will be leasehold, which increases the Canberra comparison.

**Land prices.** On the subject of land, Don Dunstan's plans to control the price of home building blocks in the Adelaide metropolitan area have received considerable publicity.

"No vacant allotments below half an acre in size, with water services, purchased as from today (16/5/1973) can be resold at a price in excess of the purchase price, plus an additional annual 7 per cent of that price, plus rates and taxes."

It is not clear how much reliance the South Australian Government will place on price control which, despite penalties, is obviously full of loopholes and scope for blackmarket activity.

Another side of the land price control policies, however is an increase in supply of land for sub-division and a use of the Land Commission as a virtual land bank.

Given the sophistication of Mr. Dunstan and his advisers, it must be supposed that the matter of adequate supply is considered a more realistic and useful tool than price control.

What seems likely is that what might be called working-class land in Adelaide will be controlled while prime land will perhaps effectively rise at more than 7 per cent.

**Outlook.** Problems arising from South Australia's economic reliance on consumer goods will continue. The Federal Government's proposed elimination of export incentives will hit car production. If it reduces the tariff protection against Japanese cars, the results could be drastic.

For the industrialist, however, prospects in South Australia look good.

If Don Dunstan's plans to make it a model State in terms of quality of life succeed, industry there, not only the people, will be the winner. ■

# Don Dunstan— on quality of life

**B**ORN in 1926 Donald Allan Dunstan, Q.C., married with three children but separated from his wife, won the metropolitan State seat, of Norwood in 1953 and has held it ever since.

When in 1965, after many years in opposition Labor came to power Don Dunstan took, among others, the portfolio of Attorney-General and was clearly Premier-to-be. Premier Walsh retired in 1967 and Don Dunstan became leader.

His Government was defeated at the polls but returned in 1970.

The following are quotes from his speeches and statements, indicating his particular concern with town planning and its effect on the quality of life.

"We believed that it was time to do something about decentralisation rather than being content to talk about it, as has, I fear, been the case with State Governments in the past. There's been a national tendency for politicians to preach the merits of decentralisation from pulpits firmly in the middle of those swelling coastal cancers, the Australian State Capitals. The consequences are now being brought home to us in the form of clogged highways, mile upon mile of sprawling suburb and smog. We are already experiencing this in Adelaide — though not to the same extent as the eastern capitals. Accordingly we are seeking to limit the growth of metropolitan Adelaide before it too joins the international where's where of unworkable cities."

"They (the Australian people) live in cities which reflect in layout, design, architecture and social function a multi-facted and, at times, splendid culture. They are fed by, or disport in, rural hinterlands that exemplify ideals of agricultural and ecological stability.

Overall shines a bright sun in a clear sky. The air is fresh. The rain, when it falls, is clean. Utopia has settled on it, like a hen on eggs.

"Now I suspect that in various ways that vision is with us all. For the capitalists, such a society would allow endless opportunities for quietly rapacious speculation. For the scholar, in the nation's campuses there would be many, many mansions. For the Marxist-Leninist, every cook would indeed be a Prime Minister."

"In my opinion city or environment planning, like any other form of social planning, automatically calls into question all the base assumptions we as a people make about our present way of life. Further, when we involve ourselves in planning cities we are dealing with civilisation's most complex social manifestation. Even the process of observing it changes it. Every new building, road, path or activity disturbs it. Seen as a pond, the city's surface is ruffled not only by the boulders which are say, highrise office blocks, but also by the stones which are houses, the pebbles which are cars, and the dust which is people. And this is the reason why there can never be — for as long as human beings remain as they are — a precise science of city planning. It is much more an art. Science can only assist the implementation of the planner's scheme."

"I feel little sympathy for those groups which find themselves in conflict with planning concepts of proven worth. Such groups are concerned with simply continuing what they have found are profitable land use patterns. Further I have no sympathy for the kind of commercial interest which subjects the mass of people in a city to jammed up communication patterns or debased urban aesthetics.

"It is one of the continually said things about our society that in planning, the voice of the pensioner — for whom read citizen — is drowned by the shout of the shareholder, or flattened by the minute of the public authority. That is what I feel. The solution, economically, is of course more complex."

"I believe it's a good idea to say so, again and again, if only to raise a lonely voice against the shout that echoes throughout this country urging all people to enter as early as possible in their lives into a house debt that is, in relation to most salaries, of monstrous proportions. I would like to raise my voice against this as the dominant form of housing, since the debt guarantees most only a triple-fronted red brick veneer house of forty years or less effective life, on a block of land of grossly inflated value, twenty minutes from an inadequate bus service, three-quarters of an hour from the city or factory, on a muddy road for often ten years of the forty, often unsewered for some years in some cities, and forever in others."

"The rising costs to the community of urban sprawl have not been sufficiently emphasised. . . . In the meantime inner city areas decay and are denuded of population, although provided with services upon whose capital cost the community is still paying interest."

"Rather it (town planning) is seen by an ever increasing number of people as the only way our country will remain unspoiled by unplanned speculation and our cities made comfortable again — again properly related in shape, style and structure to the actual and necessary requirements of the people who inhabit them." ■

